(c) what steps Government propose to take to prevent frauds in the banks?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO): (a) Reserve Bank of India has reported that the present system of compilation of data in respect of bank frauds does not generate information State-wise or city-wise. However, consolidated information in respect of bank frauds in the country, as reported to RBI by 28 Public Sector Banks, irrespective of the dates of their occurrence, for the year 1985, 1986 and 1987 and the amounts involved therein is given below:

Year	No. of frauds	Amoumt involved (Rs. in lakhs)
1985 . . .	2157	5348.02
1986 . . .	1822	4441.78
1987 . . .	1902	4084.34

(Data provisional)

(b) Reserve Bank of India has intimated that information regarding the number of bank officials punished for their involvement in cases of frauds, as reported to RBI by public sector banks for the years 1985, 1986 and 1987 is as given below:

	1985	1986	1987
(1) No. of employees convicted on charges of frauds .	73	51	88
(2) No. of employees given major/minor penalties .	720	683	909
(3) No. of employees out of (2) above dismissed discharged/removed	269	291	351

(c) By and large frauds have occurred in banks not on account of lacunae in the systems and procedures but owing to non-observance of the prescribed procedures and safeguards. Banks have also books of instructions indicating precautions/checks which their staff should observe to prevent occurrence or recurrence of frauds. All banks have also an internal inspection machinery and vigilance machinery. The banks have, however, been advised that reconciliation of books of accounts, both inter-branch and intra-branch should be speeded up, the do's and don'ts prescribed by them should be strictly implemented and swift, effective and deterrent action should be taken against those who are found to be involved in fraud/corruption cases, etc.

Appointment of a broker by SBI for Selling IPCL Bonds, etc.

1706. SHRI PARVATHANENI UPENDRA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Peerless General Finance and Investment Company has been appointed as a broker by the State Bank of India for selling IPCL bonds, NTPC bonds and also the units of the Unit Trust of India as reported in the 'Business Standard', Calcutta on the 11th May, 1988;

(b) if so, what are the details thereof; and

(c) what is the consideration on which such responsible jobs have been entrusted to a company with doubtful reputation?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE

SHRI EDUARDO FALEIRO): (a) to (c) State Bank of India (SBI) has reported that SBI Capital Markets Ltd. (SBICAP), a subsidiary of SBI had, in 1987, arranged for placement of 13 per cent public sector bonds issued by Indian Petro Chemicals Ltd. (IPCL) with SBI. These bonds were subsequently offered for sale to the public for which SBICAP appointed about 350 brokers/agents including Peerless General Finance and Investment Co. Ltd. According to SBICAP this was a one time transaction with Peerless Co. and it has not been given any general status as SBICAP's brokers nor is there any standing arrangement with them.

According to information furnished by Reserve Bank of India, the Peerless Co. has not dealt with NTPC Bonds or units of Unit Trust of India as brokers.

Combing Operation in Mand area, Punjab

1707. SHRI PAWAN KUMAR BANSAL: Will the Minister of HOME AFFAIRS be pleased to state:

(a) whether combing operation was undertaken recently by the security forces in the 'Mand' (wild terrain) area in Punjab to apprehend terrorists hinding there;

(b) if so, what was the number of terrorists arrested or killed in the encounters during this operation;

(c) whether these arrests have led to further arrests of terrorists or of their harbourers elsewhere in the State: and

(d) if so, what has been the total impact of the operation on anti-terrorist drive in Punjab?

THE MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS AND THE MINISTER OF STATE IN THE MINISTRY OF HOME AFFAIRS (SHRI P. CHIDAMBARAM): (a) to (d) The information is being collected and will be laid on the Table of the House.

Declaring Chandigarh as B-2 city

1708. SHRI PAWAN KUMAR BANSAL: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that there is a longstanding demand for the declaration of Chandigarh as B-2 City for the purpose of house rent allowance to the employees;

(b) if so, what are the reasons for not according this status to Chandigarh; and

(c) what is Government's latest thinking on the subject?

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B. K. GADHVI): (a) There is demand for declaration of Chandigarh as B-2 class city for the purpose of house rent allowance.

(b) As per extant criterion, cities/towns are classified for House Rent Allowance and Compensatory (City) Allowance on the basis of their population as revealed in the decennial census figures. In the classification of cities on the basis of their decennial census population, the population of only the municipal area of the city is taken into account for the purpose of grant of House Rent Allowance and the population of Urban Agglomeration of the city, wherever such Urban Agglomeration exists, otherwise municipal area of the city,is taken into account for grant of Compensatory (City) Allowance. However, House Rent Allowance as admissible in a city on the basis of its classification with reference to its population in the municipal area is also admissible in the Urban Agglomeration of the city. According to 1981 Census, the population of Chandigarh Urban Agglomeration was 4,22,841 and the population of Chandigarh (Estate Office Area) was 3,73,789. Since the population of Chandigarh Urban Agglomeration was over four lakhs on the basis of 1981 Census figures Chandigarh Urban Agglomeration has been accordingly classified as a B-2 city for Compensatory (City) Allowance. However, the population of Chandigarh